

EXCEPTIONS

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BEFORE THE ARIZONA CORPORATION COMMISSION

LEA MÁRQUEZ PETERSON, Chairwoman
SANDRA D. KENNEDY
JUSTIN OLSON
ANNA TOVAR
JIM O'CONNOR

IN THE MATTER OF THE)
APPLICATION OF ARIZONA PUBLIC)
SERVICE COMPANY FOR A HEARING)
TO DETERMINE THE FAIR VALUE OF) Docket No. E-01345A-19-0236
THE UTILITY PROPERTY OF THE)
COMPANY FOR RATEMAKING) **Exceptions of Vote Solar to**
PURPOSES TO FIX A JUST AND) **Recommended Opinion and Order**
REASONABLE RATE OF RETURN)
THEREON, TO APPROVE RATE)
SCHEDULES DESIGNED TO DEVELOP)
SUCH RETURN)

Vote Solar respectfully requests that the Commission reject the portion of the Recommended Opinion and Order (ROO) that retains the grid access charge (GAC) for solar customers.¹ The GAC is neither supported by record evidence nor

¹ **Attachment 1** contains proposed language that would amend the ROO to eliminate the GAC from APS's residential solar time-of-use tariff (R-Solar TOU). These Exceptions are consistent with the position Vote Solar took throughout this case. Because Vote Solar and Solar Energy Industries Association (SEIA) share the same position on this issue, Vote Solar and SEIA have filed a joint proposed amendment.

1 consistent with controlling law. Vote Solar files these Exceptions to the ROO,
2 pursuant to Rule 14-3-110(B) of the Commission's Rules of Practice and Procedure.²

3 The ROO's only bases for retaining the GAC are (1) speculation that there is
4 an "extra cost" to serve solar customers, even though the record lacks evidence of
5 any unique, solar-specific costs; (2) a claim that residential solar time-of-use (R-
6 Solar TOU) customers do not cover as much of their cost of service as a narrow
7 subgroup of non-solar customers; and (3) a characterization of solar customers as
8 "partial requirements" customers because they use less electricity than some non-
9 solar customers and the fact that some solar customers export electricity.³

10 However, it is undisputed that the record has no evidence of the alleged "extra,"
11 solar-specific cost, Arizona Public Service Company's (APS) cost-of-service study
12 (COSS) overstates the costs of service for solar customers, and solar customers cover
13 more of their costs of service than most non-solar customers, even without the GAC.
14 The GAC is, therefore, not based on record evidence and violates Arizona and
15 federal law forbidding discriminatory treatment of solar customers. The
16 Commission must reject the ROO's proposal to retain the GAC and, instead, order
17 APS to charge solar customers the same rates as non-solar customers without the
18 additional GAC.

19 Arizona is one of the only jurisdictions to require solar customers to pay a
20 grid access charge. This Commission should follow the nearly unanimous body of

² Ariz. Admin. Code R14-3-110(B).

³ Recommended Opinion & Order ("ROO") 356–57 (Aug. 2, 2021).

1 decisions from other jurisdictions rejecting such charges as not cost-based or as
2 unduly discriminatory. Eliminating the GAC reflects a modest, but legally
3 necessary, change to solar customer rates and will help encourage solar to grow in
4 Arizona.

5 EXCEPTIONS

6 **I. The Commission Should Reject the GAC Because the Charge Is Not Just and** 7 **Reasonable and Discriminates Against Solar Customers.**

8
9 Solar customers are forced to take service on either R-Solar TOU, which
10 includes a grid access charge, or a demand charge rate.⁴ Requiring solar customers
11 to choose between a TOU rate with a grid access charge or a demand charge, while
12 non-solar customers can choose between flat rates, TOU rates without a grid access
13 charge, or demand rates discriminates against solar customers. No other customer
14 pays a grid access charge or is forced to choose between a rate with a grid access
15 charge and a demand rate.

16 Rates for solar customers “[s]hall not discriminate . . . in comparison to rates
17 for sales to other customers served by the electric utility.”⁵ Imposing a GAC on

⁴ The GAC is currently set at \$0.93/kW_{DC} per month, and APS has proposed to increase the charge to \$0.951/kW_{DC}. SEIA-1, Direct Test. of Kevin Lucas (Rate Design) on Behalf of Solar Energy Indus. Ass’n (“SEIA”) 85:23–86:1 (Oct. 9, 2020) (“SEIA-1, Lucas Direct”).

⁵ 18 C.F.R. §§ 292.303(b), 292.305(a)(1)(ii); *see also* 16 U.S.C. § 824a-3(b); Ariz. Const. art. XV, § 12 (prohibiting utilities from levying charges that are not “just and reasonable,” and forbidding discriminatory treatment for similar service); Ariz. Rev. Stat. § 40-334(B) (prohibiting “any unreasonable difference as to rates, charges, service, facilities or in any other respect, between localities or between classes of service”); *Gen. Cable Corp. v. Citizens Utils. Co.*, 555 P.2d 350, 353 (Ariz. App. 1976) (a public utility may not “discriminate between customers who are similarly situated”).

1 solar customers, but no other customers, is therefore unlawful unless it is (1) “based
2 on accurate data and consistent systemwide costing principles”; and also
3 (2) “appl[ies] to the utility’s other customers with similar load or other cost-related
4 characteristics.”⁶

5 The GAC is not based on evidence of costs unique to solar customers, any
6 difference in costs between solar customers and non-solar customers with similar
7 usage, or system-wide costing principles.⁷ Instead, the ROO recommends
8 continuing the GAC on the premise that (1) there is an unspecified and admittedly
9 unquantified “extra cost” for which no evidence exists in the record; (2) it reduces a
10 purported “subsidy” to solar customers based, at most, on a comparison between the
11 portion of costs of service covered by solar customers on R-Solar TOU and a narrow
12 subgroup of non-solar customers who take service on R-TOU; and (3) some solar
13 customers export electricity and use less APS-generated electricity than some non-
14 solar customers.⁸

15 **A. There is no record evidence of solar-specific costs.**

16 The ROO speculates that the “evidence establishes that there is an extra
17 cost” to serve solar customers.⁹ However, the ROO does not cite any such evidence

⁶ 18 C.F.R. § 292.305(a)(2); *see also* 45 Fed. Reg. 12,214, 12,228 (Feb. 25, 1980) (explaining that FERC’s non-discrimination rule requires the utility to charge “the rate for sales . . . that would be charged to the class to which the qualifying facility would be assigned if it did not have its own generation” unless the conditions above are met); *Bankston v. Ala. Pub. Serv. Comm’n*, 175 FERC ¶ 61,181 (2021) (Glick, Chairman, and Clements, Comm’r, concurring).

⁷ ROO at 253–55.

⁸ *Id.* at 356–57.

⁹ *Id.* at 356.

1 and there is none. In fact, APS admits that it “does not track costs in a way that
2 allows it to determine whether or not specific upgrades and additions were caused
3 by installing solar.”¹⁰ The ROO, itself, finds that “APS has not yet made sufficient
4 efforts to quantify [solar-specific] costs and needs to quantify those costs so that the
5 issue can be examined more thoroughly in APS’s next case and resolved.”¹¹ There
6 are no documented costs unique to solar customers in the record beyond
7 unsubstantiated speculation. A theoretical “cost” that APS has not made an effort
8 to quantify and that cannot be quantified in the record is not “accurate data” and
9 cannot justify a \$0.951/kW_{DC} GAC each month.

10 **B. There is no evidence that solar customers cover a lower percentage of**
11 **their costs than non-solar customers with similar usage.**
12

13 The ROO’s comparison of the cost recovery for R-Solar TOU compared to non-
14 solar R-TOU customers as a second basis for retaining the GAC has three fatal
15 flaws. First, it relies on a cost-of-service study that the ROO, itself, found to over-
16 allocate costs to solar customers. Second, it fails to compare R-Solar TOU
17 customers to non-solar TOU customers with similar usage. Third, it looks at only
18 one non-solar tariff, rather than all the non-solar options that would be available to
19 solar customers but-for their solar. That does not constitute accurate data,

¹⁰ SEIA-1, Lucas Direct 22:21–22 (citing APS Resp. to SEIA 11.9); *see* SEIA-2, Surrebuttal Test. of Kevin Lucas on Behalf of SEIA 16:18–17:5 (Dec. 4, 2020) (“SEIA-2, Lucas Surrebuttal”); Hr’g Tr. Vol. XI, at 2,464:10–23 (Jan. 29, 2021) (Snook Cross).

¹¹ ROO at 254.

1 consistent costing methodology, or equal application to non-solar customers with
2 similar loads and costs.

- 3 1. *The ROO's comparison of R-Solar TOU to non-solar R-TOU cost*
4 *recovery relies on APS's COSS results despite the ROO's*
5 *conclusion that APS's COSS contains numerous errors that*
6 *overstate costs to serve solar customers.*

7 APS's COSS suffers from several significant flaws that over allocate costs to
8 solar customers. Among others, the COSS (1) allocates costs based on solar
9 customers' *total* electricity use, rather than on the load APS *actually serves*;
10 (2) allocates distribution demand costs based on a solar-specific non-coincident peak
11 (NCP), even though this Commission has previously rejected that practice because
12 only the combined peak demand of solar and non-solar customers drives system
13 costs; (3) assumes unreasonably high metering costs and improperly allocates the
14 cost of a second meter to solar customers; and (4) fails to identify any specific,
15 unique costs that solar customers impose on APS's system.¹² Each of these errors
16 overstates costs to solar customers—which means any comparison of those costs to
17 revenues from solar customers understates the percentage of costs that solar
18 customers cover.

¹² SEIA-1, Lucas Direct 8:15–23, 14:9–18, 16:18–17:5, 22:21–24 (citing APS Resp. to SEIA 22.1), 22:26–23:5, 28:17–23, 48:5, tbl.5, 50:21–22, 51:12–53:2, 53:14–17, 54:17–55:4, 89:21, n.89; SEIA-2, Lucas Surrebuttal 5:21–6:2, 38:19–27; VS-1, Direct Test. of Ronny Sandoval on Behalf of Vote Solar 15:9–17 (Oct. 9, 2020) (“VS-1, Sandoval Direct”); Hr’g Tr. Vol. XVIII, at 2,840:3–15, 3,842:15–3,842:18, 2,840:3–15, 3,842:15–3,842:18 (Feb. 17, 2021) (Lucas Cross); *see also* Decision No. 75975, at 155:2–11, Docket No. E-01933A-15-0239 (Feb. 24, 2017); Decision No. 76899, at 94:28–95:6, 96:12–18, Docket No. E-01933A-15-0322 (Sep. 20, 2018); Vote Solar Post-Hearing Br. 12–20.

1 Importantly, the ROO agrees that APS's COSS overestimates costs to solar
2 customers, citing several of these flaws.¹³ Yet the ROO relies on those overstated
3 costs to find a "subsidy" and retain the GAC. The cost to serve solar customers
4 cannot be both overstated, as the ROO finds, and a basis for finding a subsidy and
5 retaining the GAC.

6 2. *The ROO fails to compare cost recovery from customers with*
7 *similar usage.*
8

9 As noted above, a separate charge for solar customers can only be justified on
10 accurate data and consistent cost of service and rate design principles, which means
11 that the same charges would apply to solar as to non-solar customers *who have*
12 *similar costs and usage*. The ROO's comparison of R-Solar TOU to non-solar
13 customers on R-TOU fails to account for the different usage levels between the two
14 groups. Simply because both are on a time-of-use tariff does not mean their load
15 and cost characteristics are the same. In fact, non-solar TOU customers use more
16 grid-supplied electricity than R-Solar TOU customers.¹⁴ There is no evidence that
17 R-Solar TOU customers cover a smaller percentage of their costs than non-solar
18 customers *who use similar amounts of grid supplied electricity*. Without controlling
19 for the difference in usage between the two groups, the ROO fails to ensure that the

¹³ ROO at 253–54.

¹⁴ See SEIA-1, Lucas Direct 17:1, tbl.2 (showing R-Solar TOU average annual usage of 5,635 kWh per customer and R-TOU No Solar average annual usage of 13,399.75 kWh per customer).

1 same rates “apply to the utility’s other customers with similar load or other cost-
2 related characteristics.”¹⁵

3 3. *The ROO fails to compare solar customers to all residential*
4 *customers.*

5 Rather than compare solar customers to R-Basic customers—a rate which
6 solar customers would be entitled to absent their solar—the ROO only compares
7 them with non-solar customers on the R-TOU rate.¹⁶ Notably, APS did not make
8 that argument itself.

9 Comparing R-Solar TOU with only non-solar R-TOU customers is incorrect.
10 The relevant comparison is to all non-solar residential customers with similar costs
11 and usage. Solar customers connecting after August 31, 2017, have only two rate
12 options: the volumetric R-Solar TOU rate (the only rate with a grid access charge)
13 or a demand rate. Solar customers are excluded from the R-Basic and R-XS
14 tariffs.¹⁷ Unlike non-solar customers, solar customers cannot take advantage of the
15 rate that works best for them, and they may lack the ability to shift usage from one
16 period of the day to another.¹⁸

17 The record evidence shows that R-Solar TOU customers cover the same or a
18 greater percentage of their cost of service than most residential customers across all

¹⁵ 18 C.F.R. § 292.305(a)(2).

¹⁶ ROO at 356–57.

¹⁷ Decision No. 76295, at 107:24–25 & Ex. A, Settlement Agreement ¶ 18.1, Docket No. E-01345A-16-0036 (Aug. 18, 2017).

¹⁸ SEIA-1, Lucas Direct 85:13–19.

1 available tariffs.¹⁹ Using APS's COSS results (which *overstates* the cost to serve
2 solar customers), the 12,506 R-Solar TOU customers cover 82.1% of their costs *even*
3 *without the GAC*, compared to only 81.9% across the 423,129 non-solar R-Basic
4 customer groups.²⁰ When GAC revenue is included, R-Solar TOU customers cover
5 87.6% of their cost of service compared to only 78.2% to 83.5% of the R-Basic
6 customers.²¹ Therefore, even if one accepts the APS COSS's overstated costs to
7 serve solar customers, it is undisputed that the approximately 13,000 solar
8 customers who pay the GAC cover a higher percentage of those overstated costs
9 than nearly a half-million non-solar customers. Of course, once the errors that the
10 ROO found in APS's COSS are accounted for, the cost to serve solar customers
11 decreases so the percentage of costs they recover actually exceeds 82% of their
12 costs—further exceeding the percentage covered by most other residential
13 customers—even without the GAC.

14 The ROO's conclusion that the GAC is needed to increase the revenue from
15 solar customers relative to their cost of service to avoid a subsidy conflicts with the
16 undisputed record evidence. There is no evidence of any specific and unique costs
17 that solar customers impose or that solar customers cover a lower portion of their
18 costs than non-solar customers with similar usage. In fact, R-Solar TOU revenues,

¹⁹ APS-27, Rejoinder Test. of Jessica Hobbick on Behalf of APS 11:1–11, fig.2 (Dec. 22, 2020) (“APS-27, Hobbick Rejoinder”); Hr’g Tr. Vol. X, at 2,169:6–2,178:10 (Jan. 28, 2021) (Hobbick cross); *see also* SEIA-2, Lucas Surrebuttal 16:2–5.

²⁰ Hr’g Tr. Vol. X, at 2,174:18–25, 2,175:13–18 (Hobbick Cross); *see also* SEIA Post-Hearing Br. at 4.

²¹ APS-27, Hobbick Rejoinder 10:19–23, 11:1–11, fig.2; Hr’g Tr. Vol. X, at 2,174:22–2,175:6 (Hobbick Cross).

1 even without the GAC, cover more of their costs than many, if not most, non-solar
2 residential customers. Imposing the GAC on solar customers discriminates in
3 violation Arizona and federal law.²² This Commission therefore must reject the
4 charge as unlawful and unduly discriminatory.

5 **C. The GAC cannot be justified simply because solar customers may use**
6 **less APS-generated electricity than some non-solar customers or**
7 **because solar customers export electricity.**
8

9 The ROO's third purported justification for the GAC—that the charge is
10 justified because solar customers are “partial requirements” customers that can
11 export electricity is legally wrong.²³ As noted above, a different rate or charge can
12 only be based on different loads and costs and only to the extent the same charge
13 applies to non-solar customers with similar loads and cost. The specific purpose of
14 that law is to encourage self-generation by prohibiting additional charges for those
15 customers who self-generate.²⁴ The ROO's assertion that “[i]t is not discriminatory
16 or unlawful to require DG solar customers to pay a charge that is not imposed on
17 non-solar customers who are on the same rate plan” because solar customers self-
18 generate turns the anti-discrimination law on its head.²⁵

19 Moreover, the “partial requirements” distinction is meaningless in this case
20 because it does not affect costs any differently than the many other characteristics
21 across the diverse residential class. APS plans for wide load diversity across the

²² Ariz. Const. art. XV, § 12; 18 C.F.R. § 292.305(a)(2).

²³ ROO at 357.

²⁴ 16 U.S.C. § 824a-3(c)(2); 18 C.F.R. § 292.305(a)(2); *see also* Ariz. Const. art. XV, § 12.

²⁵ ROO at 357.

1 entire residential class and assumes that customer load will fluctuate regardless of
2 whether a customer has solar regardless of whether a customer has solar.²⁶ Solar
3 customers receive the same service as customers without solar, and both solar and
4 non-solar customers impose similar costs on the grid.²⁷ Although APS receives less
5 revenue under volumetric rates from any customer who uses less electricity, that is
6 not a characteristic unique to solar customers.²⁸ Customers without solar who use
7 less grid electricity because they implement energy efficiency, are seasonal
8 customers, or have small families do not pay the GAC. Further, there is no
9 evidence in the record that exports from solar customers impose a unique cost on
10 APS's system—as explained, APS does not track such costs and it has not
11 quantified any such costs, as the ROO, itself, admits.²⁹

12 The “partial requirements” and export justifications are also after-the-fact
13 rationalizations that do not match the actual purpose or basis for the GAC. APS
14 witness Jessica Hobbick explained that the GAC arose through settlement
15 negotiations in a prior rate case and was “set to provide a certain level of expected
16 bill savings per kWh to solar customers.”³⁰ That is, the GAC was calculated to
17 negate bill savings that occur when solar customers reduce their consumption of
18 grid-supplied electricity by producing electricity behind the meter. It has no
19 connection to costs caused by the so-called “partial requirements” or export status of

²⁶ SEIA-1, Lucas Direct 20:11–16, 24:5–9; SEIA-2, Lucas Surrebuttal 27:7–15.

²⁷ VS-1, Sandoval Direct 20:9–11; Hr'g Tr. Vol. X, at 2,178:6–13 (Hobbick Cross).

²⁸ VS-1, Sandoval Direct 14:7–11.

²⁹ ROO at 253–54, 356; *supra* pp. 4–5 & nn.10–11.

³⁰ SEIA-2, Lucas Surrebuttal 16:18–23 (quoting APS Resp. to SEIA 4.5(a)).

1 solar customers. Nor is it applied to other customers who reduce their consumption
2 of grid-supplied electricity.

3 Arizona and federal law forbid APS from subjecting solar customers to
4 arbitrary fees that would not apply if they did not have rooftop solar, particularly
5 where there is no evidentiary basis for such disparate treatment or where the
6 charge is discriminatory.³¹ Here, the record lacks evidence of any specific, unique
7 costs that solar customers impose on APS's system. Moreover, APS's COSS shows
8 that, through the GAC, APS requires solar customers to pay more than their fair
9 share of costs incurred by all residential customers—even before accounting for the
10 COSS's cost over-allocation problems. Because the GAC unlawfully discriminates
11 against solar customers, the Commission must amend the ROO to eliminate the
12 GAC from APS's R-Solar TOU tariff.

13 **II. Most Other Jurisdictions Have Rejected GACs as Unduly Discriminatory or**
14 **Not Cost-Based.**

15 The ROO's proposal to retain the GAC for solar customers contravenes a
16 nearly unanimous body of decisions from other jurisdictions rejecting such charges
17 as not cost-based or as unduly discriminatory. Consistent with most other
18 jurisdictions, this Commission should not permit APS to continue discriminating
19 against solar customers through the GAC.

20 The Kansas Corporation Commission, New Mexico Public Regulatory
21 Commission, Michigan Public Service Commission, Minnesota Public Utilities

³¹ See 16 U.S.C. § 824a-3; 18 C.F.R. § 292.305(a)(1)(ii); Ariz. Const. art. XV, § 12; Ariz. Rev. Stat. § 40-334.

1 Commission, and a Wisconsin court rejected charges similar to APS's GAC as not
2 based on any unique, additional costs imposed by solar customers, but were
3 intended only to increase revenue from solar customers compared to non-solar
4 customers with similar usage.³² Moreover, other jurisdictions have rejected the
5 premise underlying APS's GAC: that solar customers produce a hypothetical
6 revenue shortfall compared to what they would pay without solar, which can be
7 recouped by imposing additional charges on the solar customer compared to a non-

³² Order ¶¶ 45–47, Docket No. 18-WSEE-328RTS (Kan. Corp. Comm'n, Feb. 25, 2021); Recommended Decision, Case No. 17-00255-UT (New Mexico Pub. Regulation Comm'n, June 29, 2018). Adopted in pertinent part by the Public Regulation Commission of the State of New Mexico; Order at 198, Case No. U-20162 (Mich. Pub. Service Comm'n, May 2, 2019), <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t00000004SM3yAAG>, adopting the Administrative Law Judge's Proposal for Decision, Notice of Proposal for Decision, at 285–86 (Mich. Pub. Service Comm'n, Mar. 5, 2019), <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t00000004HLiHAAW>; Minn. Pub. Utils. Comm'n, Staff Briefing Papers at 9, Docket No. E999/CI-16-512 (Nov. 9, 2017), <https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId={80B77D5F-0000-C61B-9997-5A54425728AD}&documentTitle=201711-137125-01>; Final Order & J., Case No. 15-cv-153 (Dane Co. Wis. Cir. Ct., Nov. 20, 2015); Hr'g Tr. at 63–66, 69, Case No. 15-cv-153 (Dane Co. Wis. Cir. Ct., Oct. 30, 2015); Staff Briefing Papers at 9, Docket No. E999/CI-16-512 (Minn. Pub. Utils. Comm'n, Nov. 9, 2017), <https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId={80B77D5F-0000-C61B-9997-5A54425728AD}&documentTitle=201711-137125-01>.

1 solar customer with similar usage.³³ The only state regulatory commission to
2 approve a grid charge is the Alabama Public Service Commission.³⁴ However, that
3 charge is subject to an enforcement action in federal court and is likely to be
4 overturned.³⁵ As FERC Chairman Glick and Commissioner Clements noted, the

³³ *In re Westar*, 460 P.3d 821, 825, 827 (Kan. 2020) (finding a demand charge only imposed on solar customers to be discriminatory because it results in solar customers “paying more for their electricity than other customers”); Report & Order, at 60–69, Docket No. 13-035-184 (Utah PSC, Aug. 29, 2014) (rejecting a proposed charge that would recoup revenues that DG customers avoid by reducing usage and holding that “[s]imply using less energy than average, but about the same amount as the most typical of [the utility]’s residential customers, is not sufficient justification for imposing a charge, as there will always be customer who are below and above average in any class”); *In re Swecker v. Midland Power Coop.*, Docket No. FCU-99-3 (C-99-76), 2000 WL 477524, at 40, 42 (Iowa Utils. Bd., Mar. 28, 2000) (recognizing that a demand charge rate collects individual demand costs based on the individual customer’s peak demand applies a different costing methodology than a rate that only charges for kilowatt hours regardless of the individual customer’s peak demand, which over-recovers and under-recovers proportionate to the individual customer’s demand), *adopted in relevant part at In re Swecker v. Midland Power Coop.*, Docket No. FCU-99-3 (C-99-76), 2000 WL 1471588, at 3 (Iowa Utils. Bd., Aug. 25, 2000) (recognizing that a rate design that puts more of the cost of service into a demand charge for customer-generators “reflects a different policy”); *In re Proposed Adoption of Rules of the Minn. Pub. Utils. Comm’n Governing Cogeneration and Small Power Production*, Docket No. E-999 (R-80-560), 1983 WL 908113 at *3, *64 (Minn. PUC, Mar. 7, 1983) (even when connected to costs, an additional charge for customer-generators discriminates compared to how the same costs are collected from non-generators).

³⁴ New York imposes a charge on solar customers that is intended to collect only non-bypassable public benefit costs that all customers pay but are not otherwise collected from net-metered customers. Order Establishing Net Metering Successor Tariff, at 26–27, Case No. 15-E-0751 (New York Pub. Serv. Comm’n, July 16, 2020). The charge, unlike APS’s GAC, does not collect costs common to all residential customers, nor does it require solar customers to pay more for electricity imports than non-solar customers with similar usage.

³⁵ Pet. for Enforcement Under the Pub. Util. Regulatory Policies Act of 1978, Docket No. EL2164 (Mar. 1, 2021) (Accession No. 20210331-5332).

1 Alabama rate likely violates federal law prohibiting discriminatory charges to
2 customers who self-generate with solar.³⁶

3 Arizona—and APS specifically—is a national outlier by imposing a grid
4 charge on solar customers to collect additional revenue for common costs that non-
5 solar customers do not pay. The Commission should follow the rest of the country
6 and revoke the discriminatory GAC from APS's R-Solar TOU rate.

7 CONCLUSION

8 For the reasons above, the Commission should amend the ROO to eliminate
9 the GAC from the R-Solar TOU tariff.

10
11 DATED this 13th day of September, 2021.

12
13 s/ Marta Darby

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36 *Bankston v. Ala. Pub. Serv. Comm'n*, 175 FERC ¶ 61,181 (2021) (Glick,
Chairman, and Clements, Comm'r, concurring).

CERTIFICATE OF SERVICE

ORIGINAL of the foregoing document was electronically filed this 13th day of September, 2021, with:

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I hereby certify that I have this 13th day of September, 2021, served the foregoing document on all parties of record in this proceeding, as listed on the attached 3-page service list by electronic mailing service.

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ATTACHMENT 1

Eliminating the Grid Access Charge from APS's Proposed Residential Solar Time-of-Use Rate (R-Solar TOU)

Purpose:

This amendment eliminates the grid access charge because the ROO concludes that Arizona Public Service Company's (APS) did not introduce evidence to quantify any of the costs it alleges solar customers cause. This amendment recognizes that the Commission should not levy specific and substantial charges on ratepayers without ample evidence to support such charges.

Proposed Amendment Language:

DELETE page 356, lines 21–26, and page 357, lines 1–13, and **INSERT:** “At this time, the record shows that APS’s COSS over allocates costs to DG solar customers, but it does not contain any evidence of specific costs imposed by DG solar customers on APS’s system, nor has APS attempted to quantify such costs. Under APS’s proposed residential tariffs, DG solar customers on R-TOU are the only residential customers who must pay a grid access charge, and the record lacks evidence to justify this different treatment. The only evidence in the record, including APS’s COSS, shows that DG solar customers on R-TOU generally cover within the range of other residential customers without including revenue from the GAC.¹ APS claimed at the hearing that the GAC is necessary to avoid a subsidy to DG solar customers. However, because the record contains no evidence of any specific and unique costs that DG solar customers impose on APS’s system, we find that APS failed to support that claim. Under state and federal law, a utility may not discriminate against DG solar customers and it must justify any difference in treatment based on accurate data and consistently applied cost allocation principles, including that charges applied to DG customers also apply to non-DG customers with similar load characteristics. Because the record contains no such evidence that might justify treating DG solar customers differently, we reject APS’s proposal to charge solar customers on R-TOU a grid access charge, and we direct APS to eliminate the GAC from its R-Solar TOU tariff.”

INSERT new Order Paragraph at page 435 after Line 11: “IT IS FURTHER ORDERED that the grid access charge shall be eliminated for all DG solar

¹ Although we find that APS’s COSS provides only minimal direction, the record shows that APS’s COSS overestimates the cost to serve DG solar customers, and there is no countervailing data identifying any unique costs that DG solar customers impose on APS’s system. APS’s COSS shows that solar customers recover similar percentages of their costs as non-solar customers, and it does not show a subsidy to solar customers.

customers except for any customers currently paying a grid access charge that currently take service on original vintage rates, namely E-12 Solar Legacy, ET-1 Solar Legacy, ET-2 Solar Legacy, ECT-2 Solar Legacy, and ECT-1R Solar Legacy.”